

IOWA
life | changing®

Vision Iowa - \$300 Million
CAT - \$12 Million
(each year through 2010)

**Seed Capital /Angel Investment Credits -
\$10 Million**

ICIC/Fund of Funds - \$100 Million tax credits

Battelle Reports

Iowa Values Fund

Promotion
&
Attraction

Technology Transfer
&
Commercialization

Stimulate
Entrepreneurial
Start-up Activity

Facilitate Growth
&
Expansion

Iowa – A National Perspective

- **8th Fastest Growing Economy**
 - With a 5.5% increase in Gross State Product (GSP), Iowa is the fastest growing state in the Midwest and 8th fastest in the U.S. for 2004.
 - The U.S. economy grew by only 4.3% with a total gross state product of \$10.7 trillion.

Source: U.S. Bureau of Economic Analysis

Iowa – A National Perspective

- ***2nd Fastest Income Growth***
 - Per capita personal income in Iowa passed \$30,000 for the first time in 2004 and grew at a rate of 7.8%, the second fastest growth rate in the U.S., currently \$30,560.
 - Per capita income for the U.S. was up 4.7% in 2004, currently \$32,937.

Source: U.S. Bureau of Economic Analysis

Iowa – A National Perspective

- ***Record Industry Exports***

- Exports of Iowa manufactured and processed goods grew to a record high of \$6.4 billion in 2004, a 22% increase over the previous year.
- Overall, U.S. exports were up 13%.

Source: U.S. Census Bureau

Iowa – A National Perspective

- **3rd best for cost of doing business**

Source: Milken Institute Cost of Doing Business Index, 2005

The index compares costs for labor, electricity, taxes, manufacturing space and office space.

The Iowa Department of Economic Development

- **Mission:** *To engender and promote economic development policies and practices which stimulate and sustain Iowa's economic growth and climate and that integrate efforts across public and private sectors.*
- **Vision:** *All Iowans enjoying a vibrant economy.*

Community Development Services

- Iowa Tourism Office
- Investment Management
- Housing Enterprise Zones
- Technical Assistance
- Iowa Downtown Resource Center
- City Development Board
- Iowa Commission on Volunteer Services
- Public Facilities and Services
- Housing Funds
- Endow Iowa
- Vision Iowa and Community Attractions and Tourism

Division Goals and Objectives

- The Community Development Division strives to continually develop the economic well-being and quality of life of Iowans by:
 - Providing financial assistance
 - Providing technical assistance
 - Providing training

Iowa Tourism Office

- Advertising and Publications
- Research and Education
- Industry Communication and Partnerships
- Iowa Film Office

Investment Management

- Contract processing
- Maintenance of Federal and State databases
- Closeout, audit and final acceptance of project results
- Long-term compliance
- Operate Housing Enterprise Zone program
- Process all requests for payment

Housing Enterprise Zones

- Review and approve proposals
- Financial incentives for housing in Enterprise Zones

Technical Assistance and Special Projects

- Entrepreneurial Services
- Endow Iowa
- Getting to Know IDED

Iowa Downtown Resource Center

- Fee-based services (cities not in Main Street Iowa):
 - Training
 - Downtown Assessment Visits
 - Specific Technical Assistance
 - Advertising and Publications
- “One Stop Shop” for Downtown Questions
 - Lending Library
 - Technical Information
 - Consultant Referrals
 - Statewide Awareness

Iowa Downtown Resource Center

- Main Street Iowa
 - Comprehensive Technical Assistance for Selected Communities
 - Organizational development
 - Marketing and promotion
 - Business assistance and development
 - Design assistance
 - 35 Active programs
 - 7 National award-winning communities

City Development Board

- City Boundary Changes
- Providing information to local governments, property owners and the media
- Maintaining records on all city development actions
- Addressing islands of unincorporated land and unincorporated secondary roads adjacent to city boundaries

Iowa Commission on Volunteer Service

- Promotion, support and recognition
- Training for AmeriCorps and volunteer management
- Youth development/Iowa's Promise
- Grants for youth service projects
- AmeriCorps state grants

Public Facilities and Services

- Water/Sewer Fund
 - Water and wastewater improvements and facilities
 - Storm Sewer projects
 - Rural water connections
 - Annual competition for approx. \$11 million
 - Primarily benefiting low- and moderate-income persons

Public Facilities and Services

- Community Facilities and Services Fund
 - Daycare Facilities
 - Senior Centers
 - Vocational workshops
 - Other community services
 - Annual competition for approx. \$5 million

Public Facilities and Services

- Imminent Threat/Special Opportunities
 - Public health, safety or welfare
 - Community development requiring immediate action
 - Requests accepted at any time
 - Quick decisions

Public Facilities and Services

- Career Link
 - Industry-driven training program
 - Training and skills to move into available higher-wage, higher-skill jobs
 - Technical assistance

Housing Fund

Activities:

- Rental housing (both new construction and rehab)
- Owner-occupied housing rehab
- Homeownership assistance
- Tenant-based rental assistance
- Annual applications for approx. \$17 million
- Primarily benefiting low- and moderate-income persons

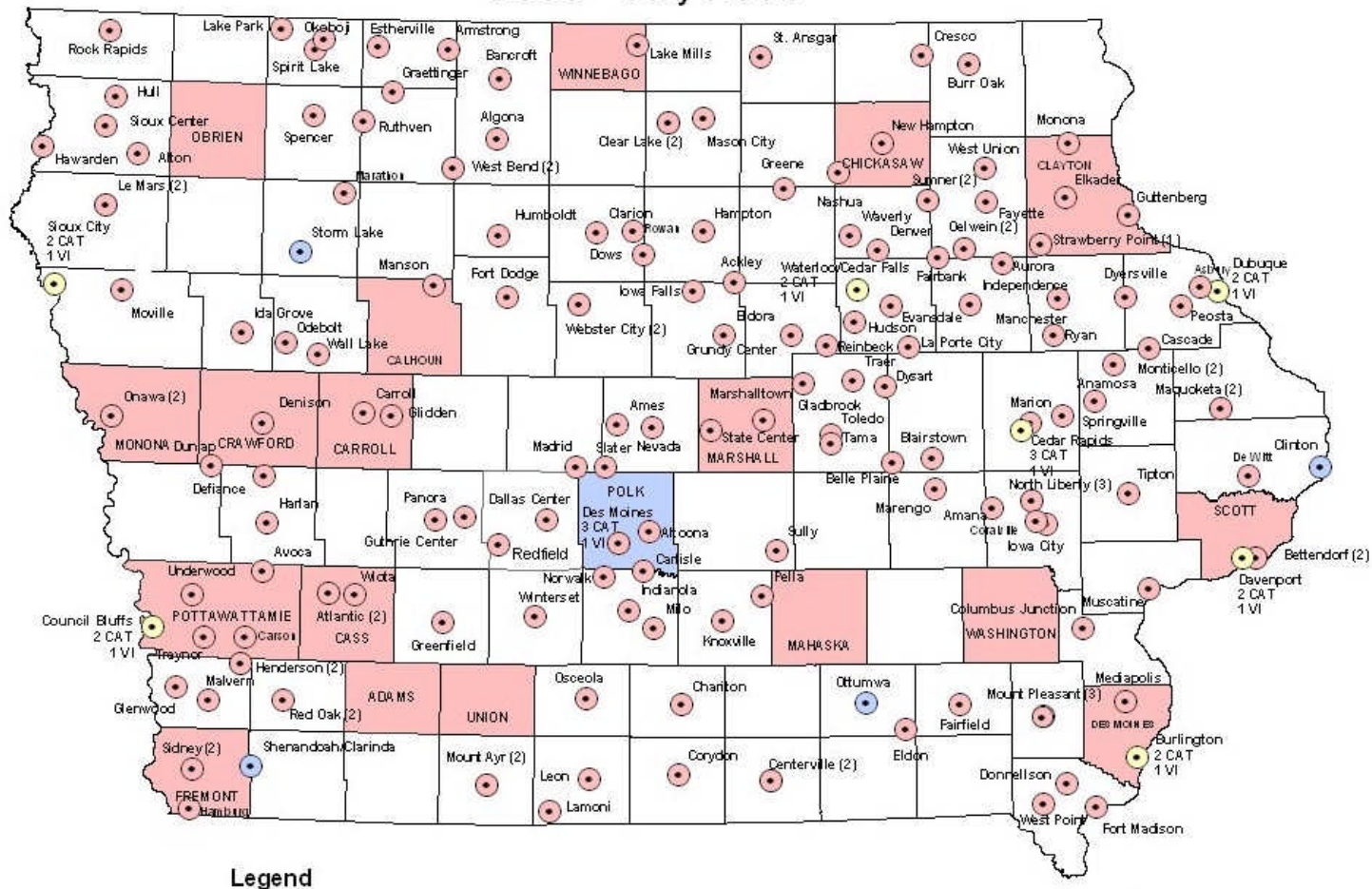
Homeless Assistance

- Shelter rehab/renovation
- Staff salaries
- Operating expenses
- Homelessness prevention

Vision Iowa/CAT

- Created to help foster large and small community recreation and attraction projects
218 projects funded totaling nearly \$2.5 billion with \$297 million awarded
Vision Iowa/CAT has touched 163 Iowa communities and 87 Iowa counties

Vision Iowa and Community Attraction and Tourism (CAT) Awards 2000 - July 2005



Business Development Services

- Market Iowa (Domestic/International)
- Project Management
- Research
- International Trade
- Iowa Careers Consortium
- Business Assistance
- Financial Assistance

Division Goals & Objectives

- Support and work to achieve the vision of the Governor and Director to transform Iowa's economy
- Increased collaboration with local economic development professionals. Adhere to legislative mandates
- Higher levels of efficiency and customer service to internal and external clients – Kaizen process improvements underway.

Project Management

- Expansions, retention, new locations
- Responsible for client service, prospect generation (marketing) and communications
- Communication liaison for communities and other Iowa governmental agencies
- Clearinghouse for industry data, contacts and policy updates

Foreign Direct Investment

- Represents a growing segment of our prospects and projects
- Foreign direct investment is steadily increasing

<i>FY '00</i>	<i>FY '01</i>	<i>FY '02</i>	<i>FY '03</i>
– <i>\$64.6 million</i>	– <i>\$41.7 million</i>	– <i>\$112.7 million</i>	– <i>\$186.6 million</i>
– <i>872 FTE's</i>	– <i>604 FTE's</i>	– <i>1,398 FTE's</i>	– <i>793 FTE's</i>
– <i>\$13.05/hr</i>	– <i>\$14.55/hr</i>	– <i>\$14.83/hr</i>	– <i>\$14.27/hr</i>

- Strongest target countries: Germany, Japan, Italy, Austria, Denmark, France, Netherlands, Ireland

Iowa's Competition

- Project Specific
- Becoming geographically diverse
- Currently includes:
 - Missouri, Nebraska, Illinois, Wisconsin, California, Kansas, Quebec, Puerto Rico, New York, New Mexico, North Dakota, Mexico, Ohio, South Dakota, South Carolina, Georgia, Nevada, Finland, China

International Trade

IDED's International Trade

- Strengthen Iowa's presence in the international marketplace by promoting Iowa and Iowa products and services
- Foreign offices and representatives
- Educate Iowa business people on topics related to exporting and doing business in other countries
- Attract foreign investment into the state

Export Promotion Programs

- Trade missions
- Trade shows
- Catalog shows
- Hosting foreign delegations
- Educational conferences/workshops
- Export Trade Assistance Program (ETAP)

Iowa Careers Consortium

Iowa Careers Consortium (ICC)

- Statewide Public/Private Partnership
- Integrated marketing program with www.SmartCareerMove.com as the call to action
- Position Iowa as a state with progressive businesses offering career choices, a great lifestyle and to attract qualified, skilled workers

Business Assistance (Regulatory)

Business Assistance Team

- Regulatory Assistance
 - Confidential assistance for businesses seeking timely approval of permits.
- Small Business Air Quality Liaison
 - Confidential, non-regulatory contact for Iowa small businesses providing technical assistance resources and education on environmental issues.
 - Evaluate proposed environmental regulations for impact on small businesses.
- Immigration Business Assistance
 - Provides assistance and referrals to expert resources on complex workforce issues including:
 1. Employment - based immigration process,
 2. Community - based immigration questions, and

Business Assistance Team

- Business License Information Center
 - One stop shop for permits & licenses required to conduct business in Iowa.
- Recycling Industry Development
 - Focus on retaining and expanding the recycling industry in Iowa
- Iowa Waste Exchange
 - Confidential, free service bringing companies together to match materials that might otherwise be landfilled.
- Brownfield Redevelopment
 - Technical and financial resources for making contaminated sites viable for reinvestment.
 - Liaison between state & federal regulatory agencies.

Financial Assistance

Business Finance Programs

- Iowa Values Fund
- Enterprise Zones
- Economic Development Set-Aside
- Community Economic Betterment Account
 - CEBA Modernization
- Entrepreneurs with Disabilities
- Targeted Small Business Program
- Value Added Ag Financing
- Workforce Training Assistance

The New Iowa Values Fund

- Move and Grow Iowa's economy
- Create Jobs
- Help generate wealth for Iowans
- \$500 million cash commitment
 - \$50 for each of 10 years
 - \$21.6 million per year tax credit commitment

Iowa Values Fund Allocations

- Business Assistance and Marketing – \$35 million
 - Funding will be utilized for current programs administered by IDIED with a focus on:
 - Business Start-ups
 - Business Expansions
 - Business Attraction
 - Business Retention
 - Marketing

Iowa Values Fund Allocations

- Regents Funding - \$5 million
 - Activities to commercialize University Research and Development
- Community College Job Training – \$7 million
 - Provides additional funding for Accelerated Career Education (ACE – 260G), Iowa Jobs Training Act (260F) and Career Academies

Iowa Values Fund Allocations

- Regional Assistance - \$1 million
 - Funding will be utilized for the following:
 - SBDCs
 - Business Resource Centers
 - Regional Marketing
 - Business Accelerators
 - Economic Enterprise Areas

Iowa Values Fund Allocations

- Cultural Trust Fund - \$1 million
 - Administered by Dept. of Cultural Affairs
- State Parks - \$1 million
 - Administered by Dept. of Natural Resources

Iowa Values Fund – Tax Credits

- New Jobs Tax Credit
(administered by DRF)
- High Quality Job Creation Act
- \$13.6 million in additional tax credits

Iowa Values Fund – Tax Credits

- Historic Tax Credits - \$4 million
 - Administered through Dept. of Cultural Affairs
- Regional Tax Credits - \$2 million
 - 20% tax credit available to people making a contribution to an economic development region revolving loan fund

Iowa Values Fund – Tax Credits

- County Endowment Fund
 - Gambling revenue enhancing countywide philanthropy
 - Available to qualified community foundations in counties that DO NOT have state-licensed gambling facilities
 - Maximum of one recipient per county
- Endow Iowa Tax Credits - \$2 million
 - Tax Credits for donations to qualified community foundations

Enterprise Zone Program

- Purpose

- Promote new economic development in economically distressed areas

- Benefits

- Local property tax exemption on value-added to the property
- Additional funding for training new employees
- Refund of sales, services, and use taxes paid during construction
- Investment tax credit of up to 10 % of the new capital investment
- Additional research activities tax credit of up to 6.5% of qualified research expenditures.

- Qualifications

- Make a capital investment of \$500,000.
- Create 10 or more new full-time jobs with an average starting wage equal to or greater than 90% of the average county or regional wage (lower) and maintain those jobs for 10 years
- Provide all full-time employees with a medical and dental insurance plan of which the business pays 80% of the premiums or provides a monetarily-equivalent benefit

Economic Development Set-Aside Program (EDSA)

- Purpose
 - Designed to increase employment opportunities for low and moderate income lowans
- Eligibility
 - Companies that are creating or retaining jobs
 - New or retained jobs must pay an average of 100% of the average county/regional wage rate and over 50% of the affected positions must exceed the county/regional wage rate
- Funding
 - Loans, forgivable loans, etc.
 - Maximum award is \$1,000,000
 - Primary use of funds received include building construction or reconstruction, acquisition of land and equipment purchases

Community Economic Betterment Account (CEBA)

- Purpose
 - Increase employment opportunities for Iowans by increasing the level of economic development activity in the state
- Eligibility
 - Companies that are creating or retaining jobs
 - New or retained jobs must pay an average of 100% of the average county or regional wage rate, whichever is lower
- Funding
 - Loans, forgivable loans, etc.
 - Maximum award is \$1 million (generally awards are between \$50,000 and \$250,000)
 - Primary use of funds received include building construction or reconstruction, acquisition of land, equipment purchases and

CEBA Modernization

- Purpose

- To assist businesses who are retooling or upgrading production equipment to meet contemporary technology standards, resulting in improving existing employees' job skills and enhancing the business' competitiveness for future growth

- Eligibility

- Companies upgrading technology and improving job skills
- New or retained jobs must pay an average wage of 100% of the average county wage

- Funding

- Loans, forgivable loans, etc.
- Maximum award is \$250,000
- Primary use of funds received include building construction or reconstruction, acquisition of land and equipment purchases

Entrepreneurial Ventures Assistance (EVA)

- Purpose
 - Designed to encourage the development of entrepreneurial ventures in Iowa, focusing mainly on high-growth, technology-based companies
- Eligibility
 - participate in an industry sector offering the greatest start-up and growth potential for the state such as biotechnology, software development, medical instruments, and advanced manufacturing
 - complete an entrepreneurial training curriculum from a John Pappajohn Center or demonstrate comparable business experience
- Funding
 - grants up to \$25,000 for technical assistance to fund project initiatives such as product testing, the formation of marketing strategies and materials, or the purchase of technical expertise

Entrepreneurs With Disabilities (EWDI)

- Purpose

- To provide technical and financial assistance to individuals with disabilities who are establishing, acquiring, maintaining or expanding a small business

- Eligibility

- Eligible participants must be a client of Vocational Rehabilitation or the Department for the Blind

- Funding

- \$10,000 technical assistance available as a grant
- \$10,000 financial assistance available as a grant or loan

Targeted Small Business Program (TSB)

- Purpose

- Designed to promote the creation and expansion of Iowa small businesses that are at least 51% owned, operated and managed by a minority, woman, person with a disability or low income individual (200% of poverty level)

- Eligibility

- An eligible business must be certified as a “Targeted Small Business” by the Department of Inspections and Appeals and must have an annual gross sales of less than \$3 million

- Funding

- Grants and loans of up to \$50,000 may be provided at interest rates of 0 to 5 percent, to be repaid in monthly installments over a 7 year period

Value Added Agricultural Products and Processes Financial Assistance Program (VAAPFAP)

- Purpose

- The purpose of this program is to encourage the increased utilization of agricultural commodities produced in this state. The program shall assist in efforts to revitalize rural regions of this state by committing resources to provide financial assistance to new or existing value-added facilities.

- Eligibility

- Eligible participants of VAAPFAP must be involved with one of these core criteria: Renewable Fuels, New & Innovative Ag Products, Ag Bio-tech/Bio-mass/Alternative energy, Organic processing & Emerging Markets

- Funding

- Loans, forgivable loans, etc.
- Maximum award is based on total funds available for fiscal year.

Total fund limit is \$150,000 - \$200,000

Program is funded by the state of Iowa

Workforce Training Programs

- Costs Typically Covered by Workforce Training Programs:
 - Vocational and skill assessment testing.
 - Job-related instruction.
 - Basic adult education.
 - Training services of a community college, other qualified educational institution, or private trainer.
 - Curriculum development.
 - Training equipment, software, materials, supplies, training-related travel and meal costs, college tuition, books, and fees.

Industrial New Jobs Training Program (260E)

- The purpose of the program is to provide assistance in meeting training needs for new jobs associated with a company expanding in or relocating to Iowa.
- Administered and operated by Iowa's 15 community colleges. Monitored for compliance by DED.
- Funded by bonds sold by community colleges. Bonds are repaid by diverting withholding tax (1.5% of the new employees' wages) and by diversion of incremental property taxes for new construction.

Iowa Jobs Training Program (260F)

- Current employees receive job training services to enhance skills, job performance, and earning capacity.
- Administered by DED and program services are provided by the 15 community colleges.
- Business participant may be a single business or a consortia of two or more businesses.

Accelerated Career Education (ACE) Program (260G)

- A program to expand training for highly skilled jobs.
- Community colleges, working with an employer, develops a program agreement and expands capacity for related career, vocational, or technical training leading to a diploma or certification.
- Employer pays 20.0% of Program costs.
- Employer gives preference to students completing the Program, and students agree to interview for open jobs.
- Wages must exceed 200.0% of the federal poverty level.

Accelerated Career Education Program (260G) - Continued

- Department of Workforce Development includes Program participants in the customer tracking system.
- DED develops administrative rules to establish guidelines, application procedures, and evaluation criteria for capital costs and program job credits components for the Program.

Sales & Marketing Activity

- Iowa Values Fund allocation – Marketing Campaign Implementation of Life Changing brand in progress
- Batelle Study – Strategic plan implementation

Comprehensive marketing plan to include:

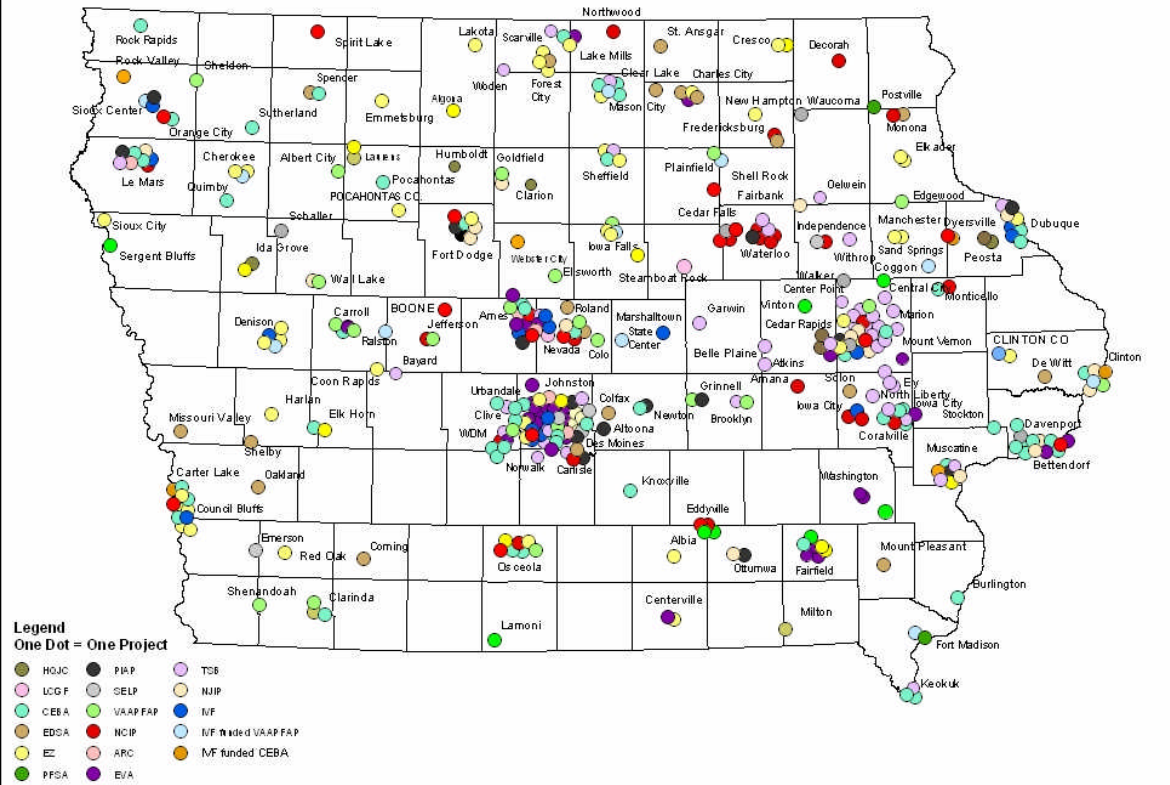
- New brand - consistent message Department wide.
- Sell trips, regional & national conferences, trade shows, print media, targeted sales trips.
- Establishment of comprehensive Business Retention & Expansion (BR&E) program.

Iowa's Successes

- Since July 2003 and through Dec. 2005, the Iowa Values Fund and other IDED programs have:
 - Assisted 342 projects
 - Created and Retained 23,289 jobs at an average wage of \$39,312 (incented jobs)
 - Resulted in \$3.6 billion of capital investment

Successes

Entrepreneurial, Tax Credit, and Business Development Program Awards
July 1, 2003 - January 2006



Projects/Leads Summary

- Total Projects & Leads: 472
- Cap Investment: \$7.798Billion
- New Job Potential: 27,074
- Retained Job Potential: 8,550
- Project/Lead Distribution - 56% are projects and 44% are leads